

AMENDED IN ASSEMBLY DECEMBER 18, 2008

CALIFORNIA LEGISLATURE—2009–10 FIRST EXTRAORDINARY SESSION

SENATE BILL

No. 9

Introduced by Senator Ducheny

December 8, 2008

An act relating to the Budget Act of 2008. An act to add Section 7203.3 to the Revenue and Taxation Code, relating to local government finance.

LEGISLATIVE COUNSEL'S DIGEST

SB 9, as amended, Ducheny. ~~Budget Act of 2008.~~ *Local government finance.*

~~This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2008.~~

The Bradley-Burns Uniform Local Sales and Use Tax Law (Bradley-Burns Law) generally authorizes a county that adopts a specified ordinance to impose a local sales and use tax at a rate of 1.25%, and similarly authorizes a city, located within a county imposing such a tax rate, to impose a local sales tax rate of 1% that is credited against the county rate. Existing law temporarily suspends, during the revenue exchange period, a portion of each of the tax rates imposed by a county and city under the Bradley-Burns Law by requiring, for that period, sales and use tax rates of 1% for a county and 0.75% or less for a city. Existing law defines the "revenue exchange period" as the period beginning on and after July 1, 2004, and continuing 90 days after the Director of Finance makes a specified notice to the State Board of Equalization.

Existing law requires the auditor of each county, for a fiscal adjustment period that consists of the same fiscal years as the revenue

exchange period as currently defined, to decrease the amount of ad valorem property tax revenue otherwise allocated to a county's Educational Revenue Augmentation Fund by the countywide adjustment amount, which is measured by the combined revenue loss of the county, and the cities therein, resulting from the temporary suspension of a portion of their sales and use tax rates. Existing law requires the auditor to instead allocate this amount among the county, and the cities therein, in reimbursement of their revenue losses resulting from that rate suspension.

This bill would redefine the "revenue exchange period" to end on April 1, 2009, and thereby end, as of that date, the temporary suspension of a portion of each of the tax rates imposed by a county or city under the Bradley-Burns Law.

The California Constitution authorizes the Governor to declare a fiscal emergency and to call the Legislature into special session for that purpose. The Governor issued a proclamation declaring a fiscal emergency, and calling a special session for this purpose, on December 1, 2008.

This bill would state that it addresses the fiscal emergency declared by the Governor by proclamation issued on December 1, 2008, pursuant to the California Constitution.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 ~~SECTION 1. It is the intent of the Legislature to enact statutory~~
- 2 ~~changes relating to the Budget Act of 2008.~~
- 3 SECTION 1. Section 7203.3 is added to the Revenue and
- 4 Taxation Code, to read:
- 5 7203.3. Notwithstanding any other law, "revenue exchange
- 6 period" means, for purposes of Section 7203.1, the period on or
- 7 after July 1, 2004, and before April 1, 2009.
- 8 SEC. 2. This act addresses the fiscal emergency declared by
- 9 the Governor by proclamation on December 1, 2008, pursuant to
- 10 subdivision (f) of Section 10 of Article IV of the California
- 11 Constitution.

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